

JUSTIN BESLEY, GROUP TREASURER AT COMPASS GROUP, TALKS TO **JULIA BERRIS** ABOUT SAILING THE ATLANTIC AND WHY HE TURNED HIS BACK ON AN IDYLIC LIFESTYLE IN THE BAHAMAS.



Setting a course

PHOTOGRAPHER: ROGER HARRIS

Not many treasurers step off a plane at Heathrow and then dash off to the City to do an end-of-year bank presentation after finishing fourth out of 164 in a prestigious transatlantic sailing rally.

But Justin Besley, Group Treasurer at Compass Group, did just that. He completed the race – from the Canary Islands to St Lucia – in 21 days and was at the presentation just an hour after touching down at Heathrow.

Besley says: “My Finance Director had started at 12pm and I arrived at 12.20pm. He was doing his bit when I got there and I had hoped he might take care of my section. Unfortunately, I wasn’t that lucky and I was presenting to 80 bankers within minutes of walking through the door.

“Luckily, I had prepared everything before I went away and we know these guys pretty well, but I have to admit my mind was probably still somewhere else.”

Besley had sailed the Atlantic once before – after graduating in 1974 – although with a 31-foot wooden boat built in 1938 and no modern nautical equipment that voyage was not exactly plain sailing.

He recalls: “It was the days before global positioning systems, we navigated using a sextant, had just a small battery for electricity, no refrigeration and limited fresh water. Looking back, it was very tough because there were just two of us and we had to do four-hour watches all the way from the Canaries to Barbados. We did it in 23 days, which we were very happy with.”

More than three decades on Besley says his second Atlantic crossing with four other crew members on a modern boat with electricity, hot water and other modern amenities, made the trip less tiring and more enjoyable.

He says: “It was a thrilling experience, especially catching tuna fish, wahoo and dorado at sea and seeing whales in their natural habitat. The boat is still in Antigua and it will have to get back somehow. I would be happy to volunteer for that task.”

Getting your bearings

Compass Group is one of the world’s leading food service companies, with 380,000 employees providing food, vending and related services on clients’ premises.

It operates across a wide range of sectors; business and industry, defence, offshore and remote, healthcare, education, sports and leisure and vending. Compass is listed on the London Stock Exchange and is a FTSE 100 company.

At the end of November 2006 the company released its preliminary results for the year ended 30 September 2006. Chairman Sir Roy Gardner said: “The results we have reported for 2006 are a benchmark from which to measure our future performance. Fundamental changes have been made during the year, including new leadership, a comprehensive review of the business and establishing clear strategic priorities for the future.”

Operating profit before exceptional items from continuing operations was £508m, up 2.4%, with group revenue standing at £10.8bn, which included 7% organic growth.

A disposal programme yielded net proceeds of over £1.8bn, the company is undertaking a £500m share buyback, and the pension deficit was reduced by half following a £280m cash injection.

ON DRY LAND While retrieving the boat from the Caribbean is something Besley would jump at the chance to do, getting the go-ahead from the FD at Compass Group, whom he describes as a generally “tolerant boss” could be more of a challenge.

Besley joined the global catering company in 2001 after Compass Group had merged with Granada and created a small strategic central treasury function.

Now, the treasury team, which is made up of three people, is responsible for group-wide funding and treasury management for the group’s operations in 70 countries.

Compass serves food and provides other services in locations that range from oil rigs to corporate dining rooms and camps in Kazakhstan.

Besley says: “Having such varied contracts in such a wide range of jurisdictions, we have had to make sure that we have a strong set of policies in place and that operations in each country are aware of them and why they are needed.

“We employ many self-starters who really get things done, but we want to be sure that we operate within an appropriate framework without constraining entrepreneurial flair.”

ELIMINATION OF THE DIVISIONAL STRUCTURE Compass has changed its management structure from a corporate centre with eight divisions (which acted pretty much autonomously) to one where the centre provides an umbrella of policies and procedures under which the businesses can operate as a group. Individual countries now have direct contact with the centre.

Besley argues that this has not only made a massive difference to the business as a whole but also allowed treasury to become more involved in the wider business issues.

He explains: “It gives you the opportunity to speak to operators on the ground and understand exactly what their challenges are. Understanding the details of each contract – and they invariably



differ from one to another – is important to me in the wider risk management context.”

Compass has established a central approval panel consisting of key figures in the finance function, including the FD, the Financial Controller, and the Head of Tax as well as the Group Treasurer.

Besley says: “Each of our operations is required to seek approval via this panel for capital investment, contract tenders and other strategic initiatives, etc. Two or three representatives from the panel are required to review each approval request.”

Besley’s remit has been widened by the change of structure at Compass. While the treasury team deals with what Besley describes as bread and butter treasury work such as cash management, liquidity and funding foreign exchange, and interest rate risk management, they also deal with wider business risk management issues including those arising from the company’s pension scheme.

He says: “I have become a lot more involved with the pension fund. We did have a very large deficit but have recently put quite a lot of money into the fund. This has reduced the deficit significantly and highlighted the need for a review of our investment strategy. Companies generally haven’t paid enough attention to their pension assets and liabilities management, and we were no exception. It is an obvious area to which treasurers can apply their skill set.”

CREATING AWARENESS Besley argues that part of the treasurer’s job is to develop a good understanding of what the business operators do on a daily basis and to ensure that they are aware of the financial risks that arise as a result.

He says: “This is a food service business. It should therefore be relatively straightforward, and you might assume that it shouldn’t create much financial risk, but inevitably in some areas it does, and it is important to identify and manage this.”

FROM ENGINEER TO TREASURER Before his first treasury position at construction company Balfour Beatty in 1987, Besley had an exotic career as a civil engineer.

After two years in Abu Dhabi to supervise the installation of a pipeline, Besley worked in the Bahamas as a district engineer. With responsibility for two groups of islands, he was in charge of roads, government buildings and water supply.

He says: “The people there were great and it is very beautiful, but I have to say I did tire of the lifestyle. When we arrived my wife was expecting our first child. It sounds ridiculous but after the first six weeks she was bored just sitting in the sun on the beach. We both needed more of a challenge.”

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After two years in the tropical paradise, Besley decided to come home and concentrate on advancing his career.

He explains: “I recognised at that point that being District Engineer for Grand Bahama and Bimini wasn’t going to do much for my career. I had already been considering going to business school so we returned to the UK. When I did my MBA I realised that I felt most comfortable with the finance modules and so that is what I gravitated towards.”

Joining Balfour Beatty’s treasury function made sense in that Besley was returning to an industry which he knew well but within a new area that he found he enjoyed immensely.

Besley says: “I think that staying in the industry was a good move for me at the time because I had a good rapport with the people and the culture of engineering business. As a chartered engineer, I had worked in a consulting practice which is much more design-focused. Balfour Beatty was a contracting engineer, and this is a business which is all about identifying, pricing and managing risks. There was a strong risk management culture within the company and group treasury had a high profile in this process.”

Variety and challenge are what make Besley’s job at Compass so enjoyable. He says: “Treasurers are no longer just cash managers. We now have a much wider risk management brief, and the opportunity to apply our skill set to identifying and managing many aspects of business risk.”

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